

**Sudan Divestment Report to Legislative Council**  
**October 31, 2007**  
**Filed Pursuant to Indiana Code 5-10.2-9-31**  
**With the Executive Director of the Legislative Services Agency**  
**By the Indiana State Teachers' Retirement Fund**

**Background:** Under Indiana Code 5-10.2-9-21, not later than March 30, 2008, the Indiana State Teachers' Retirement Fund (ISTRF) shall make a good faith effort to identify all scrutinized companies in which ISTRF has direct or indirect holdings. Further, pursuant to IC 5-10.2-9-31, on or before November 1, 2007, ISTRF shall submit a report ("Report") to the Legislative Council for distribution to the members of the General Assembly with the following information as of the date of the Report:

- (1) A copy of the scrutinized company list.
- (2) A summary of correspondence with companies engaged by the fund under sections 23 and 24 of IC 5-10.2-9.
- (3) All investments sold, redeemed, divested, or withdrawn in compliance with section 26 of IC 5-10.2-9.
- (4) All commingled funds that are exempted from divestment under section 26 of IC 5-10.2-9.
- (5) All prohibited investments under section 27 of IC 5-10.2-9.
- (6) Any progress made under section 29 of IC 5-10.2-9.

**Report:**

**Section 1. Copy of the scrutinized company list.** See attached Exhibit A.

**Section 2. Summary of correspondence with companies engaged by ISTRF under sections 23 and 24 of IC 5-10.2-9.**

ISTRF, through a research firm hired pursuant to IC 5-10.2-9-21, contacted each scrutinized company that has active or inactive business operations in Sudan in which ISTRF has direct or indirect holdings. Correspondence was sent to each of these companies on October 23, 2007. For companies with active scrutinized business operations, each was notified of the legislation, offered the opportunity to clarify the company's Sudan-related activities, and informed that if it did not cease active operations in Sudan within ninety (90) days, ISTRF would be required to divest of its holdings in the company according to the schedule outlined in the legislation. Further, ISTRF had no holdings of companies identified as having inactive scrutinized business operations.

**Section 3. All investments sold, redeemed, divested, or withdrawn in compliance with section 26 of IC 5-10.2-9.**

Because each active scrutinized company has ninety (90) days to cease scrutinized business operations or convert the company's operations to inactive business operations, and notification was forwarded to each company on October 23, 2007, ISTRF may begin divestment on or after January 21, 2008. Therefore, no investments have been sold, redeemed, divested, or withdrawn under IC 5-10.2-9-26 as of the date of this Report.

**Section 4. All commingled funds that are exempted from divestment under section 26 of IC 5-10.2-9.**

As of the date of this Report, ISTRF has no commingled funds that are exempted from divestment under IC 5-10.2-9-26(c).

**Section 5. All prohibited investments under section 27 of IC 5-10.2-9. See attached Exhibit B.**

**Section 6. Any progress made under section 29 of IC 5-10.2-9.**

As directed under IC 5-10.2-9-29, ISTRF submitted letters to each of the managers in which ISTRF has indirect holdings in actively managed investment funds. These letters were mailed on October 25, 2007, and requested that the manager remove any active scrutinized company from the fund or create a similar actively managed fund without active scrutinized companies.

Submitted by,  
Robert D. Newland  
Chief Investment Officer  
Indiana State Teachers' Retirement Fund

**Exhibit A****Scrutinized Company List\***

Alcatel-Lucent
Alstom
AREF Investment Group Co
AviChina Industry & Technology Company Ltd
Bharat Electronics Ltd
Bharat Heavy Electricals Ltd.
Bolloré (Formerly Bolloré Technologies)
China Petroleum & Chemical Corp.
CNPC Hong Kong Ltd.
Dongfeng Motor Group Company Ltd
Electricity Generating Public Co Ltd
Harbin Power Equipment Co.
I.C.S.A (INDIA) LTD
Indian Oil Corporation Ltd
Kejuruteraan Samudra Timur BHD
Kencana Petroleum Bhd
La Mancha Resources Inc.
Lundin Petroleum A
Mangalore Refinery & Petrochemicals Ltd.
Marathon Oil Corp
MISC Berhad (Formerly Malaysia International Shipping Corpor
MMC Corporation Bhd (frmly Malaysia Mining Corp. Bhd)
Muhibbah Engineering (M) Berhad
Nam Fatt Corporation Berhad
Oil & Natural Gas Corporation Ltd.
PECD BHD
Petrochina Company Limited
Petrofac Ltd
Petronas Dagangan Bhd
Petronas Gas Bhd
PSL Ltd.
Reliance Industries Ltd.
Sarawak Energy Bhd (Formerly Sarawak Enterprise Corp. Bhd.)
Schlumberger Ltd.
Scomi Engineering
SCOMI GROUP BERHAD
Sinopec Kantons
Sinopec Shanghai Petrochemical
Société des Participations du Commissariat à l'Energie Atomique (Areva)
Sudan Telecom Co. Ltd. (SUDATEL)
Total SA (Formerly Total Fina Elf S.A )
Videocon Industries Ltd.

\* “Scrutinized company” is defined in IC 5-10.2-9-18 and includes all companies with both active and inactive business operations, as defined in the statute, as of the date of the analysis. ISTRF does not have holdings in all of these companies. ISTRF has holdings in only a small percentage of these companies.

**Exhibit B****Prohibited Investments\***

Alcatel-Lucent
Alstom
AREF Investment Group Co
AviChina Industry & Technology Company Ltd
Bharat Electronics Ltd
Bharat Heavy Electricals Ltd.
Bollere (Formerly Bollere Technologies)
China Petroleum & Chemical Corp.
CNPC Hong Kong Ltd.
Dongfeng Motor Group Company Ltd
Electricity Generating Public Co Ltd
Harbin Power Equipment Co.
I.C.S.A (INDIA) LTD
Indian Oil Corporation Ltd
Kejuruteraan Samudra Timur BHD
Kencana Petroleum Bhd
La Mancha Resources Inc.
Lundin Petroleum A
Mangalore Refinery & Petrochemicals Ltd.
MISC Berhad (Formerly Malaysia International Shipping Corpor
MMC Corporation Bhd (frmly Malaysia Mining Corp. Bhd)
Muhibbah Engineering (M) Berhad
Nam Fatt Corporation Berhad
Oil & Natural Gas Corporation Ltd.
PECD BHD
Petrochina Company Limited
Petrofac Ltd
Petronas Dagangan Bhd
Petronas Gas Bhd
PSL Ltd.
Reliance Industries Ltd.
Sarawak Energy Bhd (Formerly Sarawak Enterprise Corp. Bhd.)
Schlumberger Ltd.
Scomi Engineering
SCOMI GROUP BERHAD
Sinopec Kantons
Sinopec Shanghai Petrochemical
Societe des Participations du Commissariat a l'Energie Atomique (Areva)
Sudan Telecom Co. Ltd. (SUDATEL)
Total SA (Formerly Total Fina Elf S.A )
Videocon Industries Ltd.
Wartsila Oyj (Formerly Metra Oy)

\*Prohibited investments under IC 5-10.2-9-27 are those companies on the scrutinized company list with active business operations. The only “inactive” company with scrutinized business operations is Marathon Oil Corp. Therefore, the only difference between Exhibits A and B is that Marathon Oil Corp appears on Exhibit A but does not appear on Exhibit B.